

MODEL
REAL ESTATE APPRAISAL SERVICES CONTRACT
APPRAISAL SCOPE of WORK
AND
FEE SCHEDULE

The referenced documents are intended to provide you, the Non-Federal Sponsor, with the means to successfully appraise the lands necessary to construct a civil works project. These model formats comply with Federal requirements. The magnitude and scope of each paragraph and section contained in these models may not apply to each value problem encountered. In particular, differing project features may alter the requirements set forth under SCOPE: A. & B. and SUPPLIED MATERIALS. Applications of law within your jurisdiction may also differ. As such, alterations and modifications may be in order. Please do not hesitate to contact the Appraisal Branch of the Chicago District Real Estate Division for guidance and/or assistance. Please remember that all project contracts are subject to review and concurrence by the Corps of Engineers before implementation. It is important that the final documents are sufficient to meet our regulations.

**CLOSED-END CONTRACT FOR
REAL ESTATE APPRAISAL SERVICES**

CONTRACTOR & ADDRESS:

CONTRACT FOR: Appraisal of real property located in _____
as identified in SCHEDULE "A".

PROJECT: YOUR PROJECT

PAYMENT: To be made by (Your Organization)

THIS CONTRACT entered into this ____ day of _____ by the
_____, (hereinafter called the _____), represented by
_____ executing this contract, and
_____, (hereinafter called the contractor).

Witnesseth that:

WHEREAS, _____, in its capacity as Non-Federal Sponsor, has entered into a Project Cooperation Agreement (PCA) with the United States of America (Government), under which a civil works project will be constructed by the U.S. Army Corps of Engineers (USACE) in cooperation with the and;

WHEREAS, pursuant to the PCA it is the responsibility of the _____
to obtain appraisals for all interests (estates) in real property, and it is the responsibility of USACE to ensure through a review process that each appraisal meets the standards of performance set out in SCHEDULE "A"; and;

WHEREAS, the preparation and delivery of the hereinafter described appraisal report is authorized by law; and

WHEREAS, the contractor is well-qualified, equipped and experienced and is in a position to prepare and furnish to the _____ appraisal reports) covering the real property hereinafter described,

NOW, THEREFORE, the parties do mutually agree as follows:

ARTICLE 1. Ordering. Preparation and Delivery of Appraisal Reports.

The contractor shall, upon receipt of a duly executed work order, prepare, furnish and deliver to the _____ an Appraisal Report under Standards Rule 2-2 as defined by Uniform Standards of Professional Appraisal Practice as amended covering certain real property described in SCHEDULE "A" attached to and made a part of this contract.

In addition, the appraisal and report shall address and comply with Uniform Standards For Federal Land Acquisitions, as amended.

ARTICLE 2. Contents and Number of Appraisal Reports.

(a) The appraisal report shall be furnished in quadruplicate in accordance with the guidelines set out in SCHEDULES "A" & "B" of this contract.

(b) Ownership - One appraisal report will be furnished for a contiguous area of land owned by the same entity. Land may be deemed contiguous even though portions thereof are separated by roads, railroad rights-of-way, streams, etc. If there has been a severance of the surface and the subsurface of the land, determination of what constitutes a tract will be based on ownership of the surface.

ARTICLE 3. Modifications of Delivered Appraisal Reports

Contractor shall modify or supplement any appraisal report where additional appraisal data is discovered that was known or should have been known to be in existence prior to the delivery of the report; where application of principles of law relating to real estate appraisals require the modification or supplementing of such appraisal report; the requirements of either Uniform Appraisal Standards For Federal Land Acquisitions or Uniform Standards of Professional Appraisal Practice as amended have not been met. This service shall be rendered without additional cost to the

ARTICLE 4. Delivery

Time being of the essence, the contractor shall mail or deliver to the _____ the completed appraisal report and all copies within the time specified in **DELIVERY**, contained in **SCHEDULE "A" and SCHEDULE "B"**.

ARTICLE 5. Testimony in Judicial Proceedings

Upon request of the _____, the contractor agrees to furnish testimony as to the value of any and all property on which appraisal reports) are furnished in any judicial proceedings involving a determination of the value of the aforementioned property.

ARTICLE 6. Payment.

In consideration of the performance of the undertakings under this contract, the contractor shall be paid:

(a) The sum set out in SCHEDULE "B" for the appraisal reports) shall constitute full payment to the contractor and shall include costs of all supplies, material, equipment and transportation incidental to preparing and delivering the reports. The contract price shall be due and payable for an acceptable appraisal report upon delivery and acceptance of such report by USACE accompanied by a properly certified invoice

(b) The sum set out in SCHEDULE "B" for any modification of an appraisal report, or supplemental

appraisal, requested subsequent to delivery and acceptance of the completed report by the _____ and USACE. However, any modification requested prior to delivery and acceptance of completed reports pursuant to **ARTICLE 3**, will be at no cost to the _____.

(c) The contractor agrees to attend conferences preliminary to trial, as requested, and to testify, should these additional services be required. The compensation for each court appearance which requires testimony shall be 000.00 an hour. The compensation for each conference preliminary to trial shall be 000.00 an hour based on one half man day per conference.

ARTICLE 7. Appraisal Reports to be Confidential

All information contained in the appraisal report to be made hereunder and all parts thereof are to be treated as strictly confidential. The contractor shall take all necessary steps to insure that no member of staff or organization divulge any information concerning such appraisal reports to any person other than a duly authorized representative of the _____.

ARTICLE 8. Disputes

(a) Except as otherwise provided in this contract, any dispute concerning a question of fact arising under this contract which is not disposed of by agreement through negotiation and/ or other alternative dispute resolution shall be decided by the _____. The decision of the _____ shall be final and conclusive unless, within

one (1) year from the date of receipt of such decision of the _____, the Contractor shall bring action in a court of competent jurisdiction.

ARTICLE 9. Changes

The _____ may set any time, by a written order, make any changes within the general scope of this contract which may either increase, decrease or terminate the work and services hereunder. If such change causes an increase or decrease in the cost of or the time required for performance of this contract, an equitable adjustment shall be made and the contract shall be modified in writing accordingly. In the event that the contract is terminated, the Contractor shall be due payment only for those complete appraisals received by the _____ prior to its written notification and found to be acceptable by USACE. Any claim by the Contractor for adjustment under this Article must be asserted within 30 days from the date of receipt by the Contractor of the notification of change. Provided, however, that the _____, if it decides that the facts justify such action, may receive and act upon any such claim asserted at any time prior to final payment under this contract. Failure to agree to any adjustment shall be a dispute concerning a question of fact within the meaning of the clause of this contract entitled *Disputes*. However, nothing in this clause shall excuse the Contractor from proceeding with the contract as changed.

ARTICLE 10. Officials Not to Benefit

No member of or delegate to Congress, or resident commissioner, shall be admitted to any share or part of this contract, or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit. The provisions of Section _____ of the _____ are incorporated herein by reference.

ARTICLE 11. Covenant Against Contingent Fees

The Contractor warrants that no person or selling agency has been employed or retained to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business. For breach or violation of this warranty, the _____ shall have the right to annul this contract without liability or at its discretion, to deduct from the contract price or consideration, or otherwise recover, the full amount of such commission, percentage, brokerage or contingent fee.

ARTICLE 12. Equal Opportunity

During the performance of this contract, the Contractor agrees as follows:

(a) The Contractor will not discriminate against any physical or mental handicap employee or applicant for employment because of race, color, religion, sex or national origin. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, national origin or physical or mental handicap. Such action shall include but not be limited to the following: Employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this Equal Opportunity clause.

(b) The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.

(c) The Contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding a notice advising the labor union or workers' representative of the Contractor's commitments under this Equal Opportunity clause and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(d) In the event of the Contractor's noncompliance with the Equal Opportunity clause of this contract or with any of the said rules, regulations or orders, this contract may be canceled, terminated or suspended in whole or in part, and the Contractor may be declared ineligible for further _____ contracts in accordance with procedures authorized by _____ and such other sanctions and remedies that may be lawfully imposed.

ARTICLE 13. Delays - Damage

If the Contractor refuses or fails to perform this contract within the time specified, or any extension thereof, the _____ may, by written notice, terminate the right of the Contractor to proceed with the contract or with such part or parts thereof as to which there has been delay, and may hold the Contractor liable for any damage caused the _____ by such termination. The right of the Contractor to proceed with the performance of this contract shall not be terminated under this Article if the delay is due to causes beyond the control and without the fault or negligence of the Contractor, including but not limited to any preference, priority, or allocation order issued by the _____ or any other act of the _____. Additional requirements concerning *Delivery* are set out in paragraph 6, **DELIVERY**, contained in SCHEDULE "B".

ARTICLE 14. Termination

(a) They may terminate this contract at any time and for any cause by a notice in writing to the Contractor. Upon receipt of such notice the Contractor shall, unless the notice directs otherwise, immediately discontinue all work and services.

(b) If the contract is terminated for the convenience of the , payment to the Contractor will be made promptly for that proportion of the work and services required under the contract of which the work and services actually performed bear to the total work and services required under the contract, less any payments previously made.

(c) If this contract is terminated because of the failure on the part of the Contractor to fulfill his undertakings under this contract, the _____ may take over the work and services and prosecute the same to completion by contract or otherwise, and the Contractor shall be liable to the _____ for any excess cost occasioned to the _____ thereby.

ARTICLE 15. Gratuities

(a) The _____ may, by written notice to the Contractor, terminate the right of the Contractor to _____ proceed under this contract if it is found, after notice and hearing, that gratuities (in the form of entertainment, gifts, or otherwise) were offered or given by the Contractor, or any agent or representative of the Contractor, to any officer or employee of the _____ with a view toward securing a contract or securing favorable treatment with respect to the awarding or amending or the making of any determinations with respect to the performance of such contract; provided that the existence of the facts upon which the _____ or its duly authorized representative makes such findings shall be an issue and may be reviewed in any competent court.

(b) In the event this contract is terminated as provided in paragraph (a) hereof, the _____ shall be entitled to pursue the same remedies against the Contractor as it could pursue in the event of a breach of the contract by the Contractor.

(c) The rights and remedies of the _____ provided in this clause shall not be exclusive and are in addition to any rights and remedies provided by law or under this contract.

ARTICLE 16. Option to Extend the Term of the Contract

This contract is renewable for an additional _____ period, at the option of the _____, by giving written notice of renewal to the Contractor _____ days before this contract is to expire; provided, that the _____ shall have given preliminary notice of its intention to renew - days before this contract is to expire. (Such preliminary notice will not be deemed to commit the _____ to a _____ renewal.)

ARTICLE 17. Modification

This contract together with any addendum constitutes the entire agreement between the parties and shall not be altered, modified or amended except in writing signed by both parties.

IN WITNESS WHEREOF, the parties hereto have executed this contract as of the day and year first above written.

By:

Date:

For (Your Organization)

By:

Date:

For the Appraiser

(Acknowledgements as Required)

SCHEDULE "A"

SCOPE OF WORK

REAL ESTATE APPRAISAL

YOUR PROJECT

POLITICAL SUBDIVISION, COUNTY, STATE

DATE

PURPOSE OF APPRAISAL:

SCOPE:

A. The appraisal report is to be prepared in compliance with Uniform Appraisal Standards For Federal Land Acquisitions, as amended, (Exhibit "A") and Uniform Standards of Professional Appraisal Practice (USPAP).

B. The report shall include the following value estimates:

1. *Fee Simple* "as is" value estimate of lands, buildings and site improvements that form the subject property.

2. *Temporary Easement (one (1) year)* (Exhibit "B")

3. *Damages*

(Note: These are examples. Actual project interests (estates) will vary)

C. The appraisal shall include analyses of Highest and Best Use that provide written reasoning to the extent and detail required to support the opinions of value. All Highest and Best Use Analyses' conclusions must be for an economic use. So called "public interest value" including but not limited to preservation and conservation or any non-economic highest and best use are not acceptable. Sales to and from public or quasi public agencies are not acceptable as comparables unless the contractor can demonstrate that the transfers were at arms length, free from any threat of condemnation or inducement including but not limited to tax incentives not available to the general public.

D. Uneconomic remnants (so called severance damages) as a result of the project must be valued on a "Before" and "After" basis. If, in the opinion of the contractor, an easement will result in a *permanent damage*, the appraisal will be in the "Before" and "After" format. This methodology will estimate the value of the estate taken as well as any loss to the remainder. A *damage* that is considered *temporary* in nature does *not* require the "Before" and "After" format. *Damages* that are curable due to the passage of time or by other mitigating circumstances (ten years or less for both), may use economic rent (income) as a basis for estimating a short term damage.

E. Hazardous, Toxic, Radioactive Wastes (HTRW)

In the event that the Contractor, through ordinary and usual means available to real estate appraisers, determines that the subject site is impacted or influenced by HTRW, the values shall be estimated on an "As Remediated" basis. The contractor shall provide to the _____, through the report, the basis of the determination.

F. In order for the reviewer to understand the basis for all value conclusions, the report shall clearly and fully describe, define and explain the basis for all analyses and conclusions. The report must be so complete, consistent, and comprehensive that a far removed reviewer can clearly understand the methodology used by the appraiser to arrive at the value estimates.

G. Tangible personal property not defined as realty shall not be included in value estimates.

H. "Cost to Cure" estimates, if any, shall not exceed the estimated damages) from any "Before and After" appraisal and report. Any "cost to cure" estimate of damage shall include direct and indirect costs to cure, effects of delay, if applicable, and entrepreneurial profit, if appropriate.

I. The description of subject land and buildings shall include a discussion of deficiencies and insufficiencies which affect value. By example, wetlands, drainageways, etc. normally can not be developed for an economic use and can not be included in density calculations for land use in most jurisdictions.

Therefore, undevelopable land, for any reason, can not be appraised as equivalent with upland areas when estimating value.

J. A permanent easement is an estate and not a fee acquisition of a part taken. Therefore, a value estimate less than fee for a permanent easement is required. The location and extent of a permanent easement may leave a landowner with little remaining utility. The appraiser is to be guided by that understanding applying "D." above as required.

K. Temporary easements of less than two (2) years should not be discounted. The estimated values for an economic return or rent on project land areas are de minimis and need not be further reduced by discounting for this period of time. A temporary easement that exceeds two (2) years shall be discounted in the third (3) year and beyond.

L. Site improvements located within permanent and temporary work easements that have been identified to be demolished and removed shall be appraised "as is." Salvage values must be assigned by the appraiser for these items. Those site improvements scheduled for removal can be sold back to the homeowner for the salvage value with the understanding that the owner will remove the items at their own expense within a time frame in accordance with the construction schedule.

M. Landscaping scheduled for removal within all project work areas should be replaced as a project cost, not as items of compensation. To value landscaping to be removed

within project limits for compensation purposes and at the same time replace it at completion of construction would result in a windfall. When dealing with landscaping including trees, the unit rule as adopted by court decisions proffers that different elements of a parcel are not to be separately valued and then added together. A property is to be valued as an entirety, a whole. The various parts of that whole are to be considered only as they contribute to the overall value, avoiding a cumulative appraisal. An analysis of separate elements with a conclusion that they either enhance, diminish and/ or do not affect the value of the whole must be supported by market evidence. For instance, a treed lot should be compared to sales of "treed" lots. Comparing a "treed" lot to an "open" one may have a market supported adjustment that indicates the contribution to value of the trees to the entire site. However, an adjustment for a tree or trees as separate elements will generally be unacceptable.

N. Ownership - Value estimates will be furnished for a contiguous area of land owned by the same person, entity. Land will be deemed contiguous even though portions thereof are separated by roads, railroad rights-of-way, streams, etc, if interests held by the owners(s) are uniform and a reasonable likelihood exists for a near term integrated unitary purpose.

PROPERTY LOCATION:

OWNER OF RECORD/ SUBJECT IDENTIFIERS/ LAND AREA:

PIN No. Land Area

Total: _____

FORMAT:

Narrative Appraisal Report

In order to meet the requirements as an "Appraisal Report" , it must comply with Standard Rule 2-2 of the Uniform Standards of Professional Appraisal Practice as amended. A Limited and/or Restricted report is not acceptable .

ORIGINALS/ COPIES:**(Reference: SCOPE: A.)**

One original with original signatures and photographs and three copies with original signatures and photographs shall be furnished that comply with the Reporting standards of Uniform Appraisal Standards for Federal Acquisition and Uniform Standards of Professional Appraisal Practice.

SUPPLIED MATERIALS:

Upon issuance of a Notice to Proceed by the _____, the following materials will be supplied by the _____:

1. Legal description of the subject property, with estates (interests) to be appraised.
2. Current title report that includes easements of record that run with the site
3. Assessor's maps with PIN number annotations
4. Zoning Map
5. Assessor's field cards of subject lots

(Note: These are examples. Actual material requirements will vary)

INSPECTIONS:

The appraiser is required to personally speak with the owner(s), their agents or representatives. In the case of this assignment this may require the appraiser of record to meet with owners' attorneys) or others. The appraiser will invite the owner or his designated representative to accompany him/her in the detailed inspection of the property and to give careful, considerate attention to all information and comments offered. The owner may be a prime source of detailed information of importance.

DELIVERY:

A. The Contractor agrees to submit the completed appraisal report and all copies to the _____ on or before the 15th calendar day following the effective date of the value estimate established by the Contractor.

B. The appraisal report and all copies shall be submitted within (_____) calendar days after official notice to proceed.

PLACE OF DELIVERY:

APPRAISER LICENSING:

The "**responsible appraiser**" must be licensed as a **Certified General Appraiser**. The responsible appraiser shall be identified and a copy of the current (**State**) license must be submitted with the bid proposal.

CONFERENCES:

Contractor shall make himself available for conferences, either by phone or at the office of the contractor. Said conferences are without additional cost to the

_____.

MODIFICATIONS OF DELIVERED APPRAISAL REPORT(S):

Contractor shall modify or supplement any appraisal report where additional data is discovered that was known or should have been known to be in existence prior to the delivery of the report; where application of principles of law relating to real estate appraisals require the modification or supplementing of such appraisal report; the requirements of either Uniform Appraisal Standards For Federal Land Acquisitions or Uniform Standards of Professional Appraisal Practice have not been met. This service shall be rendered without additional cost to the

_____.

PAYMENT:

The sum set out in the contract for the appraisal report shall constitute full payment to the contractor and shall include costs of all supplies, material, equipment and transportation incidental to preparing and delivering the report(s). The contract price shall be due and payable for acceptable appraisal reports in toto upon delivery and acceptance of such reports accompanied by a properly certified invoice.

APPRAISAL REPORTS TO BE CONFIDENTIAL:

All information contained in the appraisal report to be made hereunder and all parts thereof are to be treated as strictly confidential. The contractor shall take all necessary steps to ensure that no member of staff or organization divulge any information concerning such appraisal reports to any person other than a duly authorized representative of the _____.

SCHEDULE "B"

FEES FOR SERVICES

1. PRINCIPAL APPRAISER:

_____ shall be the *PRINCIPAL APPRAISER*, shall sign the appraisal reports, and shall furnish testimony in accordance with **ARTICLE 5** of the contract, if required.

2. SCHEDULE/TYPE OF PROPERTY:

(Addresses/Improved/Unimproved/Residential/Commercial/Etc.)

3. ESTATES (INTERESTS):

Estates in land to be acquired in connection with the _____ Project to include:

(Examples)

- A. Fee Simple
- B. Before and After (Address damages in many cases)
- C. Flowage Easement
- D. Flood Protection Levee Easement
- E. Road Easement
- F. Temporary Work Area Easement

4. SERVICES REQUIRED:

A. The Contractor shall prepare, furnish and deliver to the _____ an appraisal report covering the Fair Market Value and partial interests (as required) of, etc., etc.

B. DAMAGES as prescribed in SCHEDULE "A" for _____. This damage is based on an estimate that the underlying fee owner will be denied reasonable use of the site _____.

5. APPRAISAL FEE:

The following sum shall be paid for completion of an acceptable appraisal.

(SCHEDULE, AMOUNT AS REQUESTED)

6. DELIVERY:

A. The Contractor agrees to submit the completed appraisal report and all copies to the _____ on or before the 15th calendar day following the effective date of value established by the Contractor.

B. The appraisal report and all copies shall be submitted within (____) calendar days after official notice to proceed.

C. In the event that the completed report is not delivered to the _____ within the agreed upon delivery date, a penalty of \$000 will be deducted from the fee for each calendar day the completed report is not delivered unless the contractor has notified the _____ in writing ten (10) calendar days prior to that date showing good cause for the delay. The _____ shall have five (5) calendar days to accept or reject said delay. In no event shall the delivery exceed thirty (30) calendar days beyond the original due date. The penalty, as described above, shall be instituted regardless of reason the thirty-first (31st) calendar day after the extension of the original contract or any earlier agreed upon extension date, whichever occurs first.

7. UPDATING:

A. The sum of \$000 will be paid for any modification of an accepted appraisal report or for any supplemental report where such request is made by the _____ within six months from the delivery of an approved appraisal report.

B. When a request for a supplemental appraisal or a modification of an accepted appraisal report is made more than six months after the delivery of an approved report, a sum equal to 50% of the original fee paid for the report will be paid for the modification or supplemental appraisal. In any event the minimum fee shall not be less than \$000.

Modifications to reports and supplemental appraisals are to be performed in accordance with the guidelines set forth under **Schedule "A"** hereof.

C. Any modification request prior to acceptance of the appraisal report will be accomplished at no cost to the _____ pursuant to provisions contained in **ARTICLE 3** hereof.

8. INSPECTION(S):

The appraiser is required to personally speak with the owner, their agents or representatives. In the case of this assignment this may require the appraiser of record to meet with owners' attorney, architect, accountants and others. The appraiser will invite the owner or his designated representative to accompany him/her in the detailed inspection of the property and to give careful, considerate attention to all information and comments offered. The owner may be a prime source of detailed information of importance.